Closing of Public Sector Fertilizer Undertakings

†4264. SHRI GOPALSINH G. SOLANKI : Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government have recently taken a decision to close fertilizer production undertakings in public sector and to sell them to private sector/to privatise them;

(b) if so, what is the justification for taking such a decision;

(c) to what extent the steps to be taken in this direction would adversely affect the target production of National Fertilizer units; and

(d) to what extent the private sector has been considered capable for production of fertilizers and to meet the indigenous demand/consumption of fertilizers?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RAMESH BAIS) : (a) and (b) Action with regard to Public Sector Undertakings (PSUs) in fertilizer sector is to be taken keeping in view the declared policy of the Government of India towards the public sector which is to restructure and revive potentially viable PSUs and close down those (PSUs) which cannot be revived while protecting the interests of workers.

(c) It is envisaged that the proposal to disinvest 51% of the shareholding of Government of India in National Fertilizers Ltd., would not affect production of fertilizer by this company.

(d) Fertilizer industry was delicensed in 1991. Entrepreneurs in the private sector are free to set up fertilizer project subject to environmental clearance. Private Sector Projects in fertilizer are making good production to meet the demand/consumption of fertilizers produced in the country and are contributing over 36% to the total urea production in the country.

Gap Betwen the Demand and Production of Fertilizer

†4265. SHRI GOPALSINH G. SOLANKI : Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government have conducted any national level study on the rising demand of urea and other fertilizers in the country;

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†Original notice of the question was received in Hindi.

(b) what is the gap between the demand and production of these fertilizers in the country at present;

(c) what are the well-planned steps taken by Government to bring the level of demand and production at par; and

(d) what are the details of percentage production in public sector as well as in private sector undertakings, separately, in the country?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RAMESH BAIS) : (a) There is no such study. However, the Working Group on Fertilisers for the Ninth Plan had made study and given projections of demand for fertilizers in nutrient terms and in respect of product terms for Urea, Di-Ammonium Phosphate (DAP), Muriate of Potash (MOP) and Single Super Phosphate (SSP).

(b) The demand and production in nutrient terms in last two years had been as under :

Year	Nutrient	Demand	Production
1998-99	Nitrogen (N)	113.54	104.80
	Phosphate (P)	41.12	31.41
	Potash (K)	13.32	—
1999-2000	Nitrogen (N)	118.86	109.10
(Estimated)	Phosphate (P)	47.53	33.64
	Potash (K)	17.33	—

The gap in demand and indigenous production is not significant in case of Nitrogen. Since the country has no known commercially exploitable resource of potash, the demand for potash is met entirely through imports.

(c) The policy of the country is to achieve maximum self sufficiency in nitrogenous fertilizers. Currently, the country is self sufficient to the extent of about 92% in the case of Nitrogen and 95% in the case of Urea. In the case of phosphates, the paucity of domestic raw material constraints the attainment of higher degree of self sufficiency. Recognising this, a deliberate policy mix has been adopted which involves the modulation of following three options:

(i) Domestic production based on indigenous/imported rock phosphate and imported sulphur;

(ii) Domestic production based on imported intermediates viz. Ammonia and Phosphoric Acid; and

(iii) Import of finished fertilizers *viz.* DAP and very rarely Mono-Ammonium Phosphate (MAP) and Nitrogen Phosphate Potash (NPK) complexes.

For maintaining higher level of self sufficiency in nitrogen production, four new urea projects are envisaged in the public and cooperative sectors. Besides for increasing domestic production of fertilizers, following incentives are offered in the country :

(i) Normally no industrial licence is required for setting up a fertilizer plant;

(ii) Nominal basic customs duty on import of capital goods for setting up of new plants/modernisation of existing units;

(iii) Deemed export benefits to indigenous suppliers of capital goods to fertilizers project provided such suppliers are made under the procedure of international competitive bidding;

(iv) Nominal duty on import of fertilizer raw materials and intermediates;

(v) Reasonable return on investment to the entrepreneurs under the retention Price-cum-Subsidy Scheme at present applicable to urea; and

(vi) For decontrolled fertilizers, Concession Scheme under the administrative control of Department of Agriculture and Cooperation is being implemented.

The fertilizer industry has also adopted following steps to improve fertilizer production :

(i) Implementation of rehabilitation/revival scheme with the approval of BIFR in respect of sick fertilizer PSUs;

(ii) Retrofitting/revamping of existing fertilizer plants;

(iii) Overcoming the constrints in the availability of natural gas and installing dual fuel/feedstock facilities in the existing plants; and

(iv) Setting up joint venture projects in countries having abundant and cheap raw-material resources.

(d) The provisional percentage production of Nitrogen (N) and Phosphate (P) in public, coopearative and private sector in 1999-2000 was as under :

(percentage)

Sector	N*	P*
Public	32	23
Cooperative	23	21
Private	45	56
Total :	100	100

*Provisional.

Privatisation of National Fertilizers Ltd.

4266. SHRI PARMESHWAR KUMAR AGARWALLA : Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state :

(a) whether it is a fact that Government have decided to privatise National Fertilizers Ltd.;

(b) if so, what amount is likely to be fetched by the State; and

(c) by when the proposals likely to be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RAMESH BAIS) : (a) to (c) The proposal to disinvest 51% of Government of India shareholding in National Fertilizers Ltd., is at an initial stage and the amount likely to accrue to Government of India from this disinvestment and the timeframe within which the proposal is likely to be implemented will depend on the competitive bidding process which is proposed to be done by following a transparent procedure which itself will take time.

Transfer of IDPL to Health and Family Welfare

4267. SHRI SOLIPETA RAMACHANDRA REDDY : Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state :

(a) Whether representations have been received to bring Indian Drugs and Pharmaceuticals Ltd. at Hyderabad under the control of Ministry of Health